

TOP SECRET

31 March 1954

Copy No. 84

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 17
NO CHANGE IN CLASS. ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2009
AUTH: HR 70-2
DATE: 21/12/79 REVIEWER:

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

DOS review(s) completed.
DIA review(s) completed.

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FAR EAST

1. Chinese Communist troop withdrawal from Korea seen unlikely:

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The American consul general at Hong Kong believes that the Chinese Communists are unlikely to offer to remove their troops from Korea in return for the withdrawal of American forces. Withdrawal of both Chinese and UN

forces would create a military vacuum which Rhee might exploit to attack North Korea. The Communists think they could cope with any South Korean attack, but fear that if the South Koreans should be threatened with defeat, the United States would again intervene. This in turn would lead to the resumption of an inconclusive war, which the Communists wish to avoid.

The consul general concludes that, while the Communists at Geneva may represent troop withdrawal as a major objective, they would be likely to attach conditions unacceptable to the United States.

Comment: This analysis is generally supported by the course of last year's truce talks, in which the Communists insisted on American guarantees of South Korean observance of the truce. There is an outside chance of a Chinese troop withdrawal, on the assumption that South Korean president Rhee would lose American support in any unilateral operation against North Korea or that the United States would be isolated from its allies in support of Rhee. However, the Communists apparently wish to avoid the risk of new hostilities.

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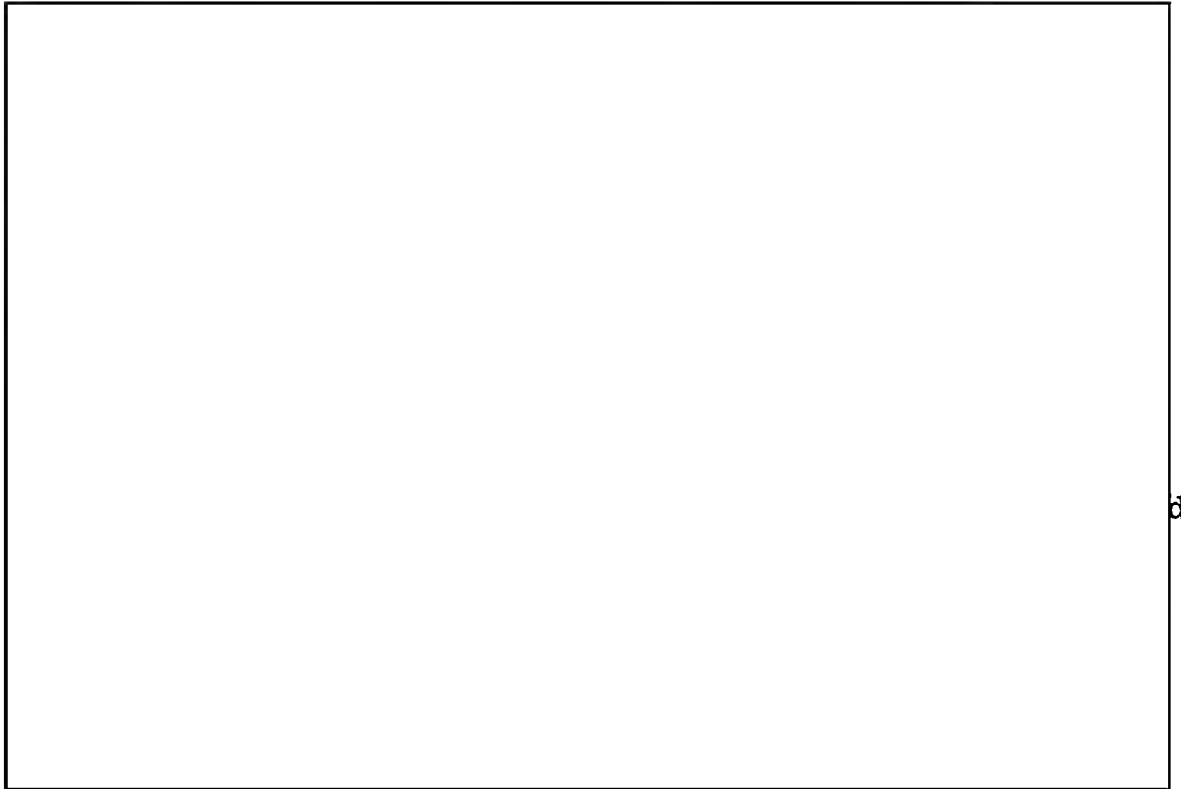
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SOUTHEAST ASIA

3. French look for new attack on Dien Bien Phu by 5 April:

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The American embassy in Saigon reports the French now believe a new major assault on Dien Bien Phu will be launched by 5 April. The nights will be completely dark after 2 April. The main defensive positions are now completely surrounded by enemy trenches and the southern re-doubt, Isabelle, is almost encircled.

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Meanwhile, the army attaché reports that the French attack on a regiment of the 308th Division west of their defenses on 28 March was made by two paratroop battalions. The enemy suffered 400 killed and 1,000 wounded. Approximately 30 prisoners were taken. French casualties numbered 100 killed and wounded.

4. Deterioration of Burmese-Thai relations noted:

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Ambassador Sebald in Rangoon reports that during his recent visit to Bangkok the Thai foreign minister said Thailand's relations with Burma were "at an all-time low." The

Thai official was disturbed by reports that the Burmese government is pro-Communist and is actively cooperating with Peiping.

Sebald comments that the Burmese are also suspicious of Bangkok. They are convinced that the Thai are engaged in smuggling operations in collusion with the Karen insurgents and the Chinese Nationalists in Burma.

Comment: Relations between Burma and Thailand, never cordial, have been aggravated recently by border incidents arising from Burmese army operations against the Chinese Nationalist guerrillas.

The mutual and easily aroused suspicions between these two countries, whose interests are essentially the same, are illustrative of the obstacles facing the development of effective regional cooperation in Southeast Asia.

NEAR EAST - AFRICA

5. Israeli armed forces seen responsible for attack on Nahhalin:

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The American army attaché in Amman believes Israeli armed forces planned and executed the raid on the Jordanian village of Nahhalin on 28 March.

The attaché, after visiting Nahhalin, says the raid has the earmarks of a military operation carried out by trained military personnel. The attack was patterned on previous

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6. Nasr may try to meet British condition for renewing Suez negotiations:

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[redacted] Colonel Nasr intends to try immediately to meet the British condition that order be restored in the canal area before further negotiations can be held regarding the

Suez base, [redacted]

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Nasr will also attempt to play down the Revolutionary Command Council's new slogan that it must remain in power "until the enemy is driven from the country." The situation, however, requires that he make at least some use of the slogan, which was originated by junior officers.

Comment: Nasr has previously indicated his desire for a quick Suez settlement in the hope of strengthening his political position. Accordingly, Nasr is likely, as soon as the council succeeds in firmly re-establishing its control, to attempt to improve relations with Britain by suppressing terrorism in the canal zone.

LATIN AMERICA

7. Alerting of Guatemalan army against imminent "invasion" reported:

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[redacted] Commanding officers of army garrisons and the police in Guatemala City have been warned by the presidential office that an

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"invasion" of Guatemala is expected by 5 April, [REDACTED]

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[REDACTED] a tightening of internal security has been
ordered for the army garrisons.

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Comment: The tightening of security could be designed to control potential antigovernment moves within the army. According to the American military attaché in Guatemala, the loyalty of some top army officers to the Arbenz regime is wavering because of their concern over the growth of Communist strength in Guatemala.

The Guatemalan government has in the past used foreign "plots" to rally popular support and to justify repressive domestic policies.

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